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Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-21, Arizona State Income Tax Withholding

Date: May 12, 2005

To: Holders of TAXES (State of Arizona only)
Personnel User Groups
T&A Contact Points in Arizona

Arizona Form A-4, Employee's Arizona Withholding Percentage Election, (see attachment) has been changed to include new percentage rates for the withholding of Arizona state income tax. Beginning with wages paid for Pay Period 10, the old percentages (18.2, 21.3, 23.3, 29.4, and 34.4) will automatically be converted to the new corresponding rates (19, 23, 25, 31, and 37), with the exception of the 10-percent rate, which will remain the same. If the employee chooses to use another percentage rate, he/she must file a new A-4 indicating his/her selection; otherwise, no action on the part of the employee or personnel office is necessary. **Note**: When no A-4 has been filed or an invalid status is found for an employee on the database, the employee's taxes will automatically be withheld at the 10-percent rate if his/her annual income is less than $15,000 or at the 19-percent rate if the annual income is greater than or equal to $15,000. Employees with an exempt status will remain the same.

As a result of the above changes in the withholding of Arizona state income tax, the National Finance Center (NFC) entry systems will be modified to allow for the entry of the new percentage rates. When entering the Arizona state tax percentage, enter the percentage rate as shown below. Do not precede with a zero and do not enter the decimal point.

Percentage Rate	Data Entered
10%	*100*
19%	*190*
23%	*230*
25%	*250*
31%	*310*
37%	*370*

To view the updated tax formula, go to NFC's Home Page (*www.nfc.usda.gov*) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "▶◀".

For questions about NFC processing, contact the Payroll Operations Branch at
504-255-4630 . Please refer questions about system access and other system-related issues
to Customer Support at **504-255-5230** or via e-mail at *customer.support@usda.gov.*

for MARK J. HAZUDA, Director
Government Employees Services Division

Attachment

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Arizona Form A-4, Employee's Arizona Withholding Percentage Election

ARIZONA FORM A-4

Employee's Arizona Withholding Percentage Election

Type or print your full name

Your social security number

Home address (number and street or rural route)

City or town, state, and ZIP code

Arizona Withholding Percentage Election Options

Choose only one:

1. ☐ My annual compensation is $15,000 or more. I choose to have Arizona withholding at the rate of
   (check only one box): ☐ 19%   ☐ 23%   ☐ 25%   ☐ 31%   ☐ 37% of the federal tax withheld.

2. ☐ My annual compensation is less than $15,000. I choose to have Arizona withholding at the rate of
   (check only one box): ☐ 10%   ☐ 19%   ☐ 23%   ☐ 25%   ☐ 31%   ☐ 37% of the federal tax withheld.

3. ☐ I hereby elect an Arizona withholding percentage of zero, and I certify that I meet BOTH of the following qualifying conditions for this election:
   * I had NO Arizona tax liability for the prior taxable year, AND
   * I expect to have NO Arizona tax liability for the current taxable year.

I certify that I have made the percentage election marked above.

_____   _____
SIGNATURE   DATE

ADOR 91-0041 (04)

Arizona State Income Tax Information

State Abbreviation:	AZ
State Tax Withholding State Code:	04
Basis For Withholding:	Percentage of Federal Tax
Acceptable Exemption Form:	A-4
Acceptable Exemption Data:	10, ▶19, 23, 25, 31, 37◀
TSP Deferred:	No
Special Coding:	Arizona state tax is based on a percentage of the Federal income tax withheld for the pay period.
	Determine the Total Number Of Allowances Claimed field as follows:
	The current formula provides for a minimum withholding of 10% of the amount withheld for Federal income tax, if the annual wages are less than $15,000, or ▶19%◀ of the amount withheld for Federal income tax, if the annual wages are greater than or equal to $15,000. An employee required to have 10% deducted may elect to increase this rate to ▶19%, 23%, 25%, 31%, or 37%. An employee required to have 19% may elect to increase this rate to 23%, 25%, 31%, or 37%.◀
	Note: Do not enter the decimal point when entering the percentage in the Total Number Of Allowances Claimed field. For Example: To enter 10 percent, type **100**.
	If Block 3 is checked on Form A-4, enter 0NL. No tax will be withheld due to total exemption eligibility.
Additional Information:	None

Withholding Formula ▶(Effective Pay Period 10, 2005)◀

1. Multiply the biweekly Federal income tax withholding by 26 to obtain the annual Federal income tax withholding.

2. Determine the annual Arizona income tax withholding by applying the following guideline.

If the Annual Income Is:	Multiply the Annual Federal Income Tax Withholding By:
Less than $15,000	10%[1]
Greater than or equal to $15,000	▶19%[2]

[1] *Employee may elect 19%, 23%, 25%, 31%, or 37%.*

[2] *Employee may elect 23%, 25%, 31%, or 37%.*◀

3. Divide the annual Arizona income tax withholding by 26 to obtain the biweekly Arizona income tax withholding.